United Nations A/C.2/57/L.6

General Assembly

Distr.: Limited
15 October 2002

Original: English

Fifty-seventh session
Second Committee
Agenda item 84 (d)
Macroeconomic policy questions: external debt crisis and development

Venezuela:* draft resolution

Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 51/164 of 16 December 1996, 52/185 of 18 December 1997, 53/175 of 15 December 1998, 54/202 of 22 December 1999 and 55/184 of 20 December 2000, on enhancing international cooperation towards a durable solution to the external debt problems of developing countries,

Taking note of the report of the Secretary-General on external debt crisis and development,[1]

Recalling the United Nations Millennium Declaration adopted by the Heads of State and Government on 8 September 2000,[2]

Reaffirming the Monterrey Consensus,[3] which recognizes sustainable debt financing as an important element for mobilizing resources for public and private investment,

Noting with great concern that the total debt stock of the developing countries rose from $1.458 trillion in 1990 to $2.442 trillion in 2001,

Noting also with great concern that the continuing debt and debt-servicing problems of the heavily indebted poor developing countries are adversely affecting their sustainable development efforts,

* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

[1] A/57/253.

[2] See resolution 55/2.

[3] See *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

02-64051 (E) 151002

Noting further with great concern that some highly indebted middle-income developing countries are facing serious difficulties in meeting their external debt-servicing obligations owing, inter alia, to liquidity constraints,

1. *Reaffirms* the determination to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term;

2. *Recognizes* that creditors and debtors share the responsibility for preventing and resolving unsustainable debt situations and that debt relief can play a key role in liberating resources that can be directed towards activities consistent with attaining sustainable growth and development;

3. *Stresses* that debt relief should contribute to development objectives, including poverty reduction and the achievements of the Millennium development goals, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

4. *Reaffirms* the commitment of the industrialized countries to implement the enhanced programme of debt relief for the heavily indebted poor countries without further delay and to agree to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction;

5. *Stresses* the need to pursue debt relief measures vigorously and expeditiously, by all creditors, including within the Paris and London Clubs and other relevant forums, in order to contribute to debt sustainability and facilitate sustainable development;

6. *Welcomes* initiatives that have been undertaken to reduce outstanding indebtedness;

7. *Calls* upon the international community, including the United Nations system, invites the Bretton Woods institutions as well as the private sector, to implement the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those related to the question of the external debt problem of developing countries, and in this regard, stresses the need to:

(a) Implement speedily, effectively and fully the enhanced Heavily Indebted Poor Countries Initiative, which should be fully financed through additional resources, taking into consideration, as appropriate, measures to address any fundamental changes in the economic circumstances of those countries with unsustainable debt burden caused by natural catastrophes, severe terms-of-trade shocks or affected by conflict, taking into account initiatives that have been undertaken to reduce outstanding indebtedness;

(b) Bring international debtors and creditors together in relevant international forums to restructure unsustainable debt in a timely and efficient manner, taking into account the need to involve the private sector in the resolution of crises due to indebtedness, where appropriate;

(c) Acknowledge the problems of the debt sustainability of some non-heavily indebted low-income countries, in particular those facing exceptional circumstances;

(d) Reduce unsustainable debt burden of developing countries through various means, including debt relief, debt cancellation and debt-for-sustainable-development swaps geared to comprehensively address the debt problems of developing countries, in particular the poorest and most heavily indebted ones;

(e) Explore innovative mechanisms to comprehensively address the debt problems of developing countries, including middle-income countries;

(f) Establish effective debt tracking mechanisms in developing countries and strengthen technical assistance for external debt management and debt tracking;

(g) Ensure that resources provided for debt relief do not detract from official development assistance resources intended to be available for developing countries and that the debt relief arrangements seek to avoid imposing any unfair burden on other developing countries;

(h) Welcome consideration by all relevant stakeholders of an international debt-work-out mechanism, the adoption of which should not preclude emergency financing in times of crisis, to promote fair burden sharing and minimize moral hazard, in the appropriate forums, which will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner;

(i) Establish a set of clear principles for the management and resolution of financial crisis that provide for fair burden-sharing between public and private sectors and between debtors, creditors and investors;

8. *Stresses* the importance of continued flexibility with regard to the eligibility criteria for the enhanced Heavily Indebted Poor Countries Initiative, in particular for countries in post-conflict situations, and the need to keep the computational procedures and assumptions underlying debt sustainability analysis under review;

9. *Emphasizes* that debt sustainability should be assessed in terms of each country's capacity to raise the financing needed to achieve the Millennium development goals and should also take into account the vulnerability to external shocks and global uncertainties, natural disasters as well as the internal economic and social conditions;

10. *Calls* upon the International Monetary Fund and the World Bank to continue their efforts to strengthen the transparency and integrity of debt sustainability analysis and to consider any fundamental changes in countries' debt sustainability caused by natural catastrophes, severe terms-of-trade shocks or conflict when making policy recommendations, including for debt relief;

11. *Requests* the Secretary-General to report to the General Assembly at its fifty-eighth session on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt and debt-servicing problems of developing countries, including, inter alia, those resulting from global financial instability, and to make recommendations in this regard.